

**REMARKS/ARGUMENTS**

Claims 1-39 remain in the application. Claim 38 is amended for enhanced clarity. No new matter is added.

The Applicants thank the Examiner for having accepted Applicants' prior comments and withdrawing the rejection. For the reasons set forth below, Applicants also believe that the current grounds of rejection are traversed.

In reviewing the substitute specification, the Examiner rejected to the inclusion of the statement that "[a]s used herein 'free postage' and 'free postage value' are sometimes used interchangeably, it being understood that 'free postage' refers to free postage value a consumer will be given by a provider." While Applicants do not believe that this language truly introduces any new matter, it is nonetheless canceled from the substitute specification.

**Claims Rejection Under 35 U.S.C. § 112, second paragraph**

The Examiner rejects claims 2 and 38 as allegedly being indefinite, and notes that the limitation "establishing minimum threshold for said postage meter and transferring a block of postage value from said free postage account to said postage meter when balance of said postage meter is less than or equal to said threshold" as recited is vague and indefinite. The Examiner further states that as written in claim 1, it appears that the free postage account is contained within the postage meter, and that if this is the case, it is unclear to the Examiner how the postage account within the postage meter is transferred to the postage meter.

The Applicants respectfully submit that as written, claims 2 and 38 are clear and definite, and believe the Examiner's understanding of the invention is inaccurate. The free postage account is not contained in the postage meter, but is maintained in the server. In the case of herein amended claim 38, the limitation of "setting a balance of the account to zero [[if]] when the free postage value has expired" is similarly not believed to be unclear or indefinite as this is exactly how the system functions. When the first portion of the expiring free postage value is below the threshold, then a block of postage value is transferred from the free postage account to

the postage meter. This is a very important factor because under postal regulations in the U.S., once postage value has been transferred to a postal meter, that value cannot be refunded. In the case of internet postage service providers, such as the assignee Stamps.com, the primary avenue to get new customer is by promotional programs in which free postage is offered to potential new customers. The typical new offer includes a free postal scale and \$20 to \$50 of free postage. The majority of users get the free postal scale and the free postage, but more often than not, do not use all of the postage and do not continue the service. In existing prior art systems, this postage value is transferred to the postage meter, or computer, and is expended by the internet postage service company. With a target of 30,000 to 50,000 new clients added each month, \$20 to \$50 per new account, most of which is not used, adds up to huge potential losses. Applicant respectfully submits that it is the way in which the method and system of the invention permits the internet postage service provider to hold onto the free postage value until it is actually used by the new customer, rather than immediately transfer the entire value of the \$20 to \$50 in free postage to the postage meter, which makes the invention patentable.

Based on the foregoing, the Applicants believe that claims 2 and 38 as pending are sufficiently clear and definite.

**Claims Rejection Under 35 U.S.C. § 101**

The Examiner states that in claims 38 and 39 the limitation, “setting a balance of the account to zero if the free postage value has expired” as recited is an open-ended conditional statement. According to the Examiner, the use of open-ended conditional language would not render the entire claim useful, tangible or concrete. The language presented only makes allowances for when the free postage value has expired. There is no allowance made in the event that the free postage value has not expired. Therefore, as the claim is currently presented, it could be possible that there would be no action by the program if the free postage value has not expired. In this case, there would be no concrete, tangible or useful outcome in the case. Thus, the claim is directed to non-statutory material.

The Applicants respectfully disagree with this assessment of claims 38 and 39. However, claim 38 is amended to recite “setting a balance of the account to zero [[if]] when the free postage value has expired” to address this issue. To address the alleged lack of a concrete, tangible or useful outcome in the case of claim 39, this is simply untrue. The ability of the internet postage service provider to set the balance of the account to zero if the free postage value has expired is extremely valuable because it gives the internet postage service provider leverage in enforcing the terms of its initial free trial offer, namely “use it or lose it” and the leverage that accompanies this. Accordingly, this ground of rejection is traversed.

**Claims Rejection Under 35 U.S.C. § 103(a)**

Claims 1, 21, 22, 24, 33, 34 and 36 are rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,632,214 to Thiel in view of U.S. Patent No. 5,819,240 to Kara. The Applicants have carefully studied both cited references, and respectfully request that the rejection should be reconsidered and withdrawn, and that all claims should be allowed.

Regarding claim 1, the Examiner states that Thiel discloses transferring a first portion of postage value to a postage meter [an amount is transferred from value card into one of registers; col 42, lines 7-11]; and storing a second portion of said postage value in a postage account [an amount is maintained as a balance in the chip card; col 41, lines 1-10]. The Examiner acknowledges that Thiel does not explicitly disclose that the postage is expiring free postage, but states that the difference between expiring free postage value and postage value are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited. The Examiner states that the transferring and storing steps would be performed the same regardless of the descriptive material since none of the steps explicitly interact therewith, and that in other words, the expiring free postage would only mean something to a person monitoring the output after the final step of the method. The Examiner states that limitations that are not functionally interrelated with the useful acts, structure, or properties of the claimed invention carry little or no patentable weight and that therefore, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Ngai*, 70 USPQ2d 1862 (CAFC

2004); *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401,404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994). In view of this, the Examiner states that it would also have been obvious to a person of ordinary skill in the art at the time of applicant's invention to transfer and store any type of postage because such data does not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention. The Examiner further acknowledges that Thiel does not further disclose resetting a balance of said free postage account upon expiration of said free postage value, but notes that Thiel discloses resetting a balance periodically or at a freely selectable time [col 42, lines 35-37]. Furthermore, Kara discloses replenishing a postage meter account upon expiration of postage amount [col 1, lines 46-51]. Therefore, the Examiner finds that it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Thiel to include the method disclosed by Kara so that the user can avoid disruption in service.

Applicants have carefully studied the cited references and the Examiner's rejection, and respectfully disagrees for the following reasons. As accurately reflected by its title, Thiel is directed to a method and arrangement for data processing in a shipping system with a postage meter machine including automatic selection of the most beneficial carrier, based on cost and other considerations, that is highly automated. It allows multiple users, such as those sharing a mail machine in an office, to use the method and arrangement to ship via the best carrier. The Examiner first notes that Thiel discloses transferring a first portion of postage value to a postage meter [an amount is transferred from value card into one of registers; col 42, lines 7-11]; and storing a second portion of said postage value in a postage account [an amount is maintained as a balance in the chip card; col 41, lines 1-10]. This is also described at Col. 16, lines 43-59, as follows. "The charge to the user with the specific postage amount is debited on the postage account of the carrier that is likewise automatically set. This is possible both in a debit note method as well as in a pre-paid method. In the debit note method, a debit account is read, whereby the stored value is incremented by the postage value to be franked. In the pre-paid method, a pre-paid amount is maintained in the credit account of the postage meter machine as

an electronic credit. Another accounting version is to undertake the accounting on a specific chip card (similar to a telephone card or value card) brought into contact with the franking system, that is edited by a number of carriers. As the result of the selection of the carrier that has already been undertaken, however, a universal carrier card can be employed instead of a value card, with a memory area for each carrier in which the accounting data are stored being reserved therein." What is described is akin if not the same as systems that allow a number of different users with credit cards, prepaid debit cards, or/or with account/access codes, to access photocopy machines and the like, and account for their usage. There is neither a hint nor a suggestion in Thiel about transferring any free or expiring postage to a user's account.

The Examiner acknowledges that Thiel does not explicitly disclose that the postage is expiring free postage, but states that the difference between expiring free postage value and postage value are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited. Applicants respectfully disagree with this position. As presently worded, claim 1 recites "[a] method for controlling the distribution of expiring free postage value in a PC postage system, comprising the steps of: transferring a first portion of said expiring free postage value to a postage meter; storing a second portion of said expiring free postage value in a free postage account; and resetting a balance of said free postage account upon expiration of said free postage value." The Examiner goes on to state that the transferring and storing steps would be performed the same regardless of the descriptive material since none of the steps explicitly interact therewith, and that in other words, the expiring free postage would only mean something to a person monitoring the output after the final step of the method. The three steps are all functionally involved in the method and nothing in the wording of claim 1 is out of the ordinary with computer software/hardware systems, which describe steps. The Examiner states that limitations that are not functionally interrelated with the useful acts, structure, or properties of the claimed invention carry little or no patentable weight and that therefore, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability. Applicant respectfully submits that the steps are indeed functionally interrelated with the useful acts and all contribute to the desired end result, namely, to have the balance of the free postage

account reset upon expiration of the free postage account. As the Examiner has been reminded above, this allows the internet postage provider to reduce the amount of postage value that is spent in incentive programs which otherwise can end up unused and lost to the internet postage provider because the postage value was transferred to the trial customer's postage meter. As noted above, tremendous cost savings to the internet postage provider can thus be realized. These are real and tangible results that the invention provides.

The Examiner further acknowledges that Thiel does not further disclose resetting a balance of said free postage account upon expiration of said free postage value, but notes that Thiel discloses resetting a balance periodically or at a freely selectable time [col 42, lines 35-37]. Applicant respectfully submits that this clause must be read in context with what the system of Thiel is intended to do to be fully understood and a full reading of this sentence is instructive. "A resetting to 0 both for the postage use p as well as for the piece count z ensues periodically or at freely selectable time spans after an accounting and output of a listing for a cost center." Indeed, what Thiel refers to here is consistent with the system of Thiel that allows multiple users to use the system, one after the other, and after finishing, the system can be reset for use by a subsequent, possibly different user.

The Examiner next states that Kara discloses replenishing a postage meter account upon expiration of postage amount [col 1, lines 46-51]. Applicant respectfully submits that replenishing of a postage meter account is nothing new by itself, and that nothing in Thiel or Kara suggests the combination. Furthermore, even if Thiel and Kara were to be combined, they would not lead one having ordinary skill in the art at the time of the invention to modify the invention of Thiel to include the method disclosed by Kara so that the user can avoid disruption in service. Accordingly, based on the foregoing, the rejection of claim 1 is traversed.

The Examiner next rejects claims 21 and 33 and applies the case cited references and approach. For the same reasons that claim 1 is believed to be allowable, so too are independent claims 21 and 33.

The Examiner rejects independent claims 22, 24, 34, and 36, and notes that Thiel further discloses comprising the step of decrementing said postage account in accordance with said

transferred postage value [col 42, lines 12-15]. Inasmuch as claim 21 and 33, upon which claims 22 and 24, and 34 and 36 are dependent, respectively, are allowable, claims 22, 24, 34, and 36 should also be allowed.

The Examiner rejects claims 2, 3, 9, 12, and 13 under 35 U.S.C. 103(a) as being unpatentable over Thiel in view of Kara as applied to claim 1 above, and further in view of U.S. Patent No. 4,864,506 to Storace. As per claim 2, the Examiner notes that Thiel does not disclose further comprising the step of establishing a minimum threshold for said postage meter and transferring a block of postage value from said free postage account to said postage meter when the balance of said postage meter is less than or equal to said threshold, but that Storace discloses that when a meter reaches a threshold value the postage meter is re-credited from a postage account [col 2, lines 15-3 11. The Examiner states that it therefore would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Thiel to include the method disclosed by Storace to provide a recharging system that is transparent to the postage meter user as suggested by Storace [col 2, lines 61-63].

Applicants have reviewed Storace and agree that it discloses that when a meter reaches a threshold value the postage meter is re-credited from a postage account. However, Applicants respectfully submit that nothing in the cited references suggest their combination and that even if the base references Thiel and Kara were to be combined, they would still lack the base limitations of claim 1, and therefore this grounds of rejection is traversed. The same can be said in response to the Examiner's discussion of rejected claims 3, 9, 12, and 13. Allowance of claims 2, 3, 9, 12, and 13 is therefore solicited.

The Examiner next rejects claim 4 under 35 U.S.C. 103(a) as being unpatentable over Thiel in view of Kara as applied to claim 1 above, and further in view of U.S. Patent No. 6,970,856 to Heiden et al., which discloses a postage meter that stores multiple accounts [col 6, lines 1-9]. Applicants respectfully submit that nothing in the cited references suggest their combination and that even if the base references Thiel and Kara were to be combined, they would still lack the base limitations of claim 1, and therefore this ground of rejection is traversed.

The Examiner rejects claims 5 and 25 under 35 U.S.C. 103(a) as being unpatentable over Thiel in view of Kara and Heiden et al. as applied to claim 4 above, and further in view of U.S. Patent No. 6,397,196 to Kravetz et al. The Examiner states that Thiel does not disclose further comprising the step of utilizing said expiring free postage value before said purchased postage value, but that Kravetz et al discloses using an amount of account credit (i.e., free amount) first before using a purchased amount [payroll deduction used to pay account wherein the payroll account earns interest (i.e. free amount); when balance is negative the user pays interest (i.e., purchased amount) col 4, lines 5-12]. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Thiel to include the step of utilizing said expiring free postage value before said purchased postage value to maintain an ongoing positive relationship with a customer, as suggested by Kravetz et al [col 1, lines 6 1-67]. Applicants respectfully submit that the hybrid installment loan/savings account of Kravetz et al. is unrelated art to the claimed method for controlling the distribution of expiring postage value and that one having ordinary skill in the art would not look to this art field. Applicants furthermore believe it is quite a stretch to equate the installment loan/savings account of Kravetz et al. with the instantly claimed invention. Indeed, there is no "interest" paid on "savings" nor is "interest" deducted when a "loan" is taken out. Therefore, Applicants respectfully submit that Kravetz et al. is not applicable to this invention. Furthermore, since the references to Thiel and Kara fail to disclose the limitations of the base claims 1 and 21, their further combination with Heiden et al. and Kravetz et al. still fail to disclose the invention, and therefore this ground of rejection is traversed.

The Examiner rejects claims 6, 7, 10, 11, 23, and 35 under 35 U.S.C. 103(a) as being unpatentable over Thiel in view of Kara as applied to claim 1 above, and further in view of Official Notice. As per claims 6, 23, and 35, the Examiner notes that Thiel does not disclose further comprising the step of displaying a sum of total expiring free postage value and purchased postage value in an available postage field. However, the Examiner takes Official Notice that it is old and well known at the time of the invention in the postal industry to display the sum of available postage value in a postage meter. Therefore, the Examiner finds that it



would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Thiel to include the step of displaying a sum of total expiring free postage value and purchased postage value in an available postage field so that the user knows when the account needs to be replenished.

Applicants respectfully submit that notwithstanding the Examiner's Official Notice, since the references to Thiel and Kara fail to disclose the limitations of the base claims 1, 21, and 33, their further combination with Heiden et al. and Kravetz et al. still fail to disclose the invention, and therefore this ground of rejection is traversed.

With respect to the Examiner's further rejection of claims 7, 10, and 11, Applicants likewise believe that since independent claim 1 is allowable, so too should be claims 7, 10, and 11.

The Examiner next rejects Claim 8 under 35 U.S.C. 103(a) as being unpatentable over Thiel in view of Kara and Official Notice as applied to claim 7, and further in view of Kravetz et al. The Examiner states that Thiel does not disclose further comprising the step of utilizing said expiring free postage value before said purchased postage value. However, the Examiner notes that Kravetz et al discloses using an amount of account credit (i.e., free amount) first before using a purchased amount [payroll deduction used to pay account wherein the payroll account earns interest (i.e. free amount); when balance is negative the user pays interest (i.e., purchased amount) col 4, lines 5-12]. According to the Examiner, it therefore would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Thiel to include the step of utilizing said expiring free postage value before said purchased postage value to maintain an ongoing positive relationship with a customer, as suggested by Kravetz et al [col 1, lines 61-67].

Applicants have discussed the inapplicability of Kravetz et al. and why one having ordinary skill in the art would not consider this reference, and why, even if it were combined with Thiel and Kara, it would still fail to teach the invention. The Applicants respectfully submit that the addition of the Official Notice to this mix does not change the outcome, and therefore solicit allowance of the Application.

Claims 14, 26, and 37 are next rejected under 35 U.S.C. 103(a) as being unpatentable over Thiel in view of Kara as applied to claim 1 above, and further in view of U.S. Patent No. 7,085,725 to Leon. The Examiner states that Thiel does not disclose the steps of determining validity of said expiring free postage value in response to receipt of a print postage request and wherein said free postage account is reset in accordance with said validity determination. However, the Examiner states that Leon discloses determining validity of a postage value in response to free postage print request and the account owner is given another amount of free postage value [col 14, line 36-col 16, line 50]. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Thiel to include the method disclosed by Leon so that the postage provider does not lose revenue.

Applicant has carefully reviewed Leon and respectfully submits that it does not teach what it is cited for. Leon teaches a blank sheet of labels that may be printed with internet postage. Some of the sheets may be provided free of charge to users and may be so identified so that the system can query the user if the user wishes to purchase additional sheets of blank labels. This is the only disclosure in Leon about anything free, and Leon certainly does not disclose free postage value. Accordingly, this ground of rejection is traversed.

Next, Claims 15, 16, 27, and 28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Thiel in view of Kara and Leon as applied to claim 14 above, and further in view of Storage. The Examiner states that Thiel does not disclose the step of determining whether balance of said free postage value is equal to or greater than a value of requested postage and transferring a block of free postage value from said free postage account to said postage meter in accordance with the amount determination. However, the Examiner notes that Storage discloses that when a meter reaches a threshold value the postage meter is re-credited from a postage account [col 2, lines 15-31], and therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Thiel to include the method disclosed by Storage to provide a recharging system that is transparent to the postage meter user as suggested by Storage [col 2, lines 6 1-63].

Applicants have discussed above why claim 14, upon which claims 15 and 16 depend, and claim 26, upon which claims 27 and 28 depend, are patentable, so claims 15, 16, 27, and 28 should be allowable as well.

Claims 17-20 and 29-32 are next rejected under 35 U.S.C. 103(a) as being unpatentable over Thiel in view of Kara and Storace as applied to claim 15 above, and further in view of Official Notice. Given that all of the base claims are allowable, so too are claims 17-20 and 29-32 and allowance of these claims is solicited.

The Examiner rejects independent claim 38 under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent Publication No. US 2002/0059145 to Leon in view of U.S. Patent No. 6,526,393 to Fredman. Leon discloses receiving a request to print postage [0011]; and checking on postage value availability [determination of sufficient funds; 0011]. The Examiner notes that Leon fails to explicitly disclose that the postage value is free postage value. However, the Examiner repeats previously made arguments that the difference between free postage value and postage value are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited, and that the checking step would be performed the same regardless of the descriptive material since none of the steps explicitly interact therewith. Applicant has dealt with this above in the rejection of claim 1. Accordingly, claim 38 is not obvious and should be forthwith allowed.

Claim 39 is rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent Publication No. US 2002/0059145 to Leon [in view of Fredman as applied to claim 38 above], and further in view of Kravetz et al. The Examiner notes that Leon does not disclose applying available free postage value to the request to print postage if free postage value is available; and applying purchased postage to the request to print postage if free postage value is not available. However, Kravetz et al discloses using an amount of account credit (i.e., free amount) first before using a purchased amount [payroll deduction used to pay account wherein the payroll account earns interest (i.e. free amount); when balance is negative the user pays interest (i.e., purchased amount) col 4, lines 5-12]. Applicants have discussed at length above why Kravetz et

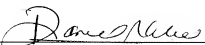
**Appln No. 09/944,534**  
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al. does not stand for what it is cited for, and therefore the rejection is improper and should be reversed.

**CONCLUSION**

In view of the foregoing, it is believed that all claims now pending, namely claims 1-39 patentably distinguish the subject invention over the prior art of record, and are in condition for allowance and such action is earnestly solicited at the earliest possible date. If the Examiner believes that a telephone conference would be useful in moving the application forward to allowance, the Examiner is encouraged to contact the undersigned at (626) 795-9900.

Respectfully submitted,  
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